

deadline of January 31. I trust they will get that done.

Now, of course, in the long term, the legislation of reauthorization of the Endangered Species Act is what is critical and what has to be done.

Well, did anybody lose their job today? The answer is no. In the last hour, the Justice Department asked for us a stay through the Forest Service, and it was granted by the judge. We have 1 week's breathing room.

But the reason I bring this, of course, is just to give you an idea of the kind of crisis, the frustration, the anger, the depression that the citizens of my State went through. Men and women calling my office crying, frightened that their very jobs would be destroyed and taken away from them because of a bureaucratic boondoggle? Absolutely. It is going on in my State of Idaho right now, it has gone on in other States, and it will continue to go on as long as this Congress closes its eyes, turns its back, and walks away from the responsibility of reauthorizing the acts of Congress, the laws of the land, and in that process, reexamining whether they work or do not work, whether they comply or are out of compliance with the intent of Congress and whether, in fact, they truly address the needs of the American people and the wants, and that is to save plants and animals who are endangered. But we in the Senate know today that that is not the way the act is working.

While for the short term, the Idaho congressional delegation has solved an immediate crisis in Idaho, the clock ticks. What happens on Friday or Saturday of this week if these deadlines are not met, if there is no reality to the human compassion that ought to be expressed by these agencies in carrying out the mandate of their laws or their regulations within the law?

I will continue to report to the Senate as the Idaho congressional delegation and I continue to act to try to resolve this immediate crisis. Mr. President, we have a responsibility in the U.S. Senate now to address the Endangered Species Act so that we can say once and for all, "Yes, we're concerned about the protection of or the development of a mitigating plan to save a given species of plant or animal that may be endangered. But while we are doing it, let us not endanger the lives or well-being of thousands of citizens across this country who, through no fault of their own, have fallen on the tracks of a Federal law that is out of control and the train that rides on those tracks now bears down upon them with the risk of destroying them."

I yield back the remainder of my time.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

UNFUNDED MANDATE REFORM ACT

The Senate continued with the consideration of the bill.

Mr. BINGAMAN. Mr. President, under the unanimous consent agreement that we are operating under, I had reserved three amendments to be offered to this bill, and I now ask unanimous consent that we set aside the pending business so that I can offer the third of those three amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 194

Mr. BINGAMAN. Mr. President, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN] proposes an amendment numbered 194.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, add after line 25, the following new section:

"(4) *Application to provisions relating to or administered by independent regulatory agencies.*—

Notwithstanding any provision of paragraph (c)(1)(B), it shall always be in order to consider a bill, joint resolution, amendment, or conference report if such provision relates to or will be administered by any independent regulatory agency.

Mr. BINGAMAN. Mr. President, I will reserve my discussion of this amendment until an appropriate time later in the debate, and I look forward to presenting it at that time.

Thank you, Mr. President. I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, if I might be able to address the Senator from Idaho and the Senator from Ohio, it was my desire at this point on the amendment that had previously offered by myself, by Senator HARKIN, and others, on the Federal Reserve Board issue, my understanding is Senator HARKIN has submitted a statement for the RECORD. We are concluded on this side. I would like to get the yeas and nays ordered on that amendment, if that is acceptable.

The PRESIDING OFFICER. The Chair advises that it would take unanimous consent to request the yeas and nays at this time.

Mr. DORGAN. Mr. President, I make such request. I ask unanimous consent to order the yeas and nays.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KEMPTHORNE addressed the Chair.

The PRESIDING OFFICER. Who seeks recognition? The Senator from Idaho.

Mr. KEMPTHORNE. Mr. President, I move to table the amendment, with the unanimous consent then that no further amendments be in order to that particular amendment and that the vote will occur tomorrow. The first vote will be at 4 p.m.

I ask for the yeas and nays.

The PRESIDING OFFICER. Without objection, it is in order to request them at this time.

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The motion to table will occur under the previous order.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I ask the Senator from Idaho and the Senator from Ohio, I have one additional amendment which the Senator from Iowa has joined me in offering. It is amendment No. 179, which is at the desk. Inasmuch as the Senator from Iowa is here and ready to speak on the amendment, it may be that we could very quickly dispose of that amendment.

I intend also to ask for a recorded vote on that amendment. That amendment deals with the Consumer Price Index and the calculation of the Consumer Price Index and a mandate required, of the Bureau of Labor Statistics of at least one prominent Member of Congress.

We are willing to discuss that, offer it, and seek a recorded vote, and follow the first recorded vote that has already been ordered, if that would satisfy the desire and interests of the two Senators who are managing the bill.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. KEMPTHORNE. Mr. President, I think that would be very advantageous for us to keep moving forward on the progress of this bill. So I welcome that sort of discussion.

Mr. DORGAN. Mr. President, is that satisfactory with the Senator from Ohio?

Mr. GLENN. That is satisfactory.

AMENDMENT NO. 179

(Purpose: To express the sense of the Senate regarding calculation of the Consumer Price Index)

Mr. DORGAN. Mr. President, I ask that amendment No. 179 that I sent to the desk be reported, and I ask unanimous consent to set aside any current amendment that is pending in order to do that.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The bill clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 179.

Mr. DORGAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . CALCULATION OF THE CONSUMER PRICE INDEX.

(a) FINDINGS.—The Senate makes the following findings:

(1) The Chairman of the Board of Governors of the Federal Reserve System has maintained that the current Consumer Price Index overstates inflation by as much as 50 percent.

(2) Other expert opinions on the Consumer Price Index range from estimates of a modest overstatement to the possibility of an understatement of the rate of inflation.

(3) Some leaders in the Congress have called for an immediate change in the way in which the Consumer Price Index is calculated.

(4) Changing the Consumer Price Index in the manner recommended by the Board of Governors of the Federal Reserve System would result in both reductions in Social Security benefits and increases in income taxes.

(5) The Bureau of Labor Statistics, which has responsibility for the Consumer Price Index, has been working to identify and correct problems with the way in which the Consumer Price Index is now calculated.

(6) Calculation of the Consumer Price Index should be based on sound economic principles and not on political pressure.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) a precipitous change in the calculation of the Consumer Price Index that would result in an increase in income taxes and a decrease in Social Security benefits is not the appropriate way to resolve this issue; and

(2) any change in the calculation of the Consumer Price Index should result from thoughtful study and analysis and should be a result of a consensus reached by the experts, not pressure exerted by politicians.

Mr. DORGAN. Mr. President, my colleague, Senator HARKIN, from Iowa, who will speak on this, had to leave the floor for a moment to take a telephone call. Let me make a few comments on this amendment, which I offer on my behalf, on behalf of Senator DODD, and on behalf of Senator HARKIN.

This amendment deals with an issue that is technical but very important. The amendment deals with the Consumer Price Index. We saw about a week ago a story in Washington, DC, in the press, that the chairman of the Federal Reserve Board came to the Congress and he testified on one thing or another. In his testimony, he opined that the Consumer Price Index probably, in his judgment and in the judgment of the Federal Reserve Board, actually overstates the rate of inflation by anywhere from one-half of 1 percent to 1.5 percent.

Shortly after the Chairman of the Federal Reserve Board made that statement, some others in Congress began to climb in and say, well, if that is the case, if the Consumer Price Index overstates inflation, then let us force the Bureau of Labor Statistics to get active and do something about it. In

fact, one prominent Member of Congress indicated that we will give them 30 days down at the Bureau of Labor Statistics to either change it or we will zero them out, get rid of them.

Well, Mr. President, here is the consequence of what seems like an innocent sounding recommendation. If someone—the Fed—says we think the Consumer Price Index actually overstates inflation, it does not sound like it means very much, does it. Leave aside for just a moment the question of if that in fact is what the Fed thinks, if in fact that is what they believe, what on Earth has the Federal Reserve Board been doing down there. They have increased interest rates six times because inflation rates were too high. We have low rates of inflation for 4 straight years, and if inflation is overstated by 1.5 percent of the Consumer Price Index, that means the real rate of inflation is only 1.2 percent.

By what justification could these folks down at the Federal Reserve Board be imposing on America a mandate of increased costs by higher interest rates across the board? What justification could they have for that?

Well, I will debate that another time. They have no justification. It is a wrongheaded policy that injures this country, puts the brakes on the economy, and will send this country into a recession. The Fed, unfortunately, does not know what it is doing. What it is doing is the wrong thing for our country. But that is a debate for another day, and a debate I have already had and one I will have again, I am sure.

The proposition is this. If you say that the Consumer Price Index really overstates inflation, what are the consequences of that? Well, the consequences are you are able to reduce the spending on Social Security because you have a smaller COLA adjustment on Social Security recipients' cost-of-living adjustment. So you save money by not giving as much in a cost-of-living adjustment to those folks who live on Social Security.

In fact, the estimates are we are talking around \$27 billion, I believe, on the Social Security issue. If one assumes the Federal Reserve Board's calculations, the decrease to Social Security recipients would be very substantial. And if one assumes the Federal Reserve Board's calculations, it also means that you have other consequences in the Federal budget. And the Federal budget deficit, which the Federal Reserve Board should care about, is increased by this.

So what the Senator from Connecticut, and the Senator from Iowa and I are concerned about is this discussion about this subject in the context of politics rather than science. The question of what is the Consumer Price Index and how should it be changed, if it should be changed, is a technical question, to be sure.

Most of the discussions about whether the Consumer Price Index is accurate or not come from the Bureau of

Labor Statistics. In fact, most of the information for any studies that exist come from the Bureau of Labor Statistics. So someone who sees this on a comment by the Chairman of the Fed to say, "Let's change the Consumer Price Index immediately and if they don't do it, we will in 30 days zero them out," they are saying we are going to impose a mandate, a political mandate on the Bureau of Labor Statistics.

I say that is the wrong way to do things. We have developed a resolution, a sense of the Senate, that says a precipitous change in the calculation of the Consumer Price Index that would result in both an increase in income taxes—and the reason for that is that the personal exemption has to do with the Consumer Price Index. As the Consumer Price Index goes up, the personal exemption is indexed to it so that goes up. If it is shown not to go up so much, the personal exemption does not go up as much, and therefore one's taxes are increased. So you have two consequences here. One is increased income taxes and second is a lower Social Security payment by changing the calculation of the Consumer Price Index.

But our sense-of-the-Senate resolution says a precipitous change in the calculation of the Consumer Price Index that would result in an increase in income taxes and a decrease in Social Security benefits is not the appropriate way to resolve this issue. Any change in the calculation of the Consumer Price Index should result from thoughtful, studied analysis and should be a result of consensus reached by experts, not pressure exerted by politicians.

Our point is we have had two major political figures seize on a comment by the Chairman of the Fed to suggest we are going to impose a mandate on the bureaucracy to change the calculation of the Consumer Price Index, and our point is this. This has consequences. Words have consequences and so do actions, and actions to change the Consumer Price Index for political purposes might well reduce the Federal deficit but how is it done? By increasing taxes and by cutting Social Security benefits.

We would never have raised the subject in this context except that some leading figures say this must be done and must be done now and soon and, if not, we will zero out funding for the Bureau of Labor Statistics.

There is no evidence that what the Chairman of the Fed has said is correct. Some say the Consumer Price Index overstates inflation. Some say it is about right. And there are some who will allege that it understates inflation through a series of five or six very complicated questions that are debated aggressively among economists.

I am not here today to try to debate that or resolve that. I am only here to say that the final lesson in what the Consumer Price Index ought to be ought to be a lesson that we study from scientists and from those who know

and from economists and others who do a thoughtful analysis, not from pressure brought by politicians.

That is the issue, and that is why I hope we will have a vote on this and the vote will say that the Senate concurs: we do not believe a precipitous change in the Consumer Price Index should result from political pressure. It ought to result from thoughtful analysis by those who know and who study and who give us their expert recommendations.

Mr. President, I see my colleague from Iowa is in the Chamber, and I would be happy to yield the floor.

Mr. President, might I make one other unanimous consent request while I am on my feet. The Senator from North Dakota [Mr. CONRAD] asked to be included as a cosponsor of the amendment that I offered on the Federal Reserve Board, and I would ask unanimous consent to achieve that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I congratulate and thank my colleague from North Dakota for offering this amendment, for his thoughtful insight into what some people in the Republican party over on the other side are calling a technical correction in the Consumer Price Index or CPI, our basic measure of the rate of inflation. I think that is what the leaders of the other body called it, a technical correction. Well, you know, some people said ketchup was a vegetable once, too. These technical corrections at some time have very serious consequences.

So while you can call it a technical correction, it is nothing less than two things. It is a stealth tax on the middle class, and it is a cut in Social Security benefits for the elderly, both of which I might add are just the opposite of what my friends in the Republican Party have said they want to do.

So I think this amendment would help my friends on the other side clear up the issue. It would make it clear that we do not in any way want to put pressure on the independent Bureau of Labor Statistics to somehow come up and rush through and make a finding on the basis of political pressure but that, indeed, it ought to be thought through very carefully.

The Senator from North Dakota is absolutely right that this change in the CPI has consequences, big consequences—about \$21 billion in higher taxes annually by the year 2000 and \$27.5 billion cut in Social Security in that same year. And that has to do with the fact that when you pay your income taxes, the personal deduction, the standard deductions that we all get, that middle-income families get are all adjusted by the CPI, and so if you ratchet down that CPI, you may say, well, it is technical, but it is a 1 percent reduction. And what that would mean is that every year the

amount that you could claim for deductions in the standard deduction would be less, so you would pay more in income taxes. And, as I said, after 5 years, the Federal Reserve estimates about \$21 billion in higher taxes. And that would mostly come from moderate and middle-income taxpayers.

Now, I wish to be as fair as I can, Mr. President. On the merits, there may be—and I use the words “may be”—an overestimation of inflation in the CPI statistics. This has been known for many years.

Now, the technical reasons are very complex, and the Bureau of Labor Statistics has and is accurately working on making adjustments. A couple of small adjustments are planned for next month and a key change is scheduled to take effect in 1998.

And funds for part of a 6-year effort to improve the CPI were approved in the fiscal year 1995 Labor-HHS appropriations bill which I chaired and which was supported on both sides of the aisle.

I also want to point out, Mr. President, that in 1987 Congress required the BLS, the Bureau of Labor Statistics, to set up an alternative CPI weighted for the elderly. We asked them to do that in 1987 because the elderly pay much more for health care. And that CPI for the elderly now shows a higher level of inflation for the elderly every year.

I ask unanimous consent to have printed at this point in the RECORD an article that outlines the results of the experimental CPI authored by Nathan Amble and Ken Stewart in the May 1995 monthly Labor Review.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Labor Review, May 1995]

EXPERIMENTAL PRICE INDEX FOR ELDERLY CONSUMERS

(By Nathan Amble and Ken Stewart)

An experimental consumer price index for older Americans rose somewhat faster than each of two published BLS Consumer Price Indexes; as might be expected, expenditures for medical care accounted almost entirely for this difference.

The Consumer Price Index (CPI) of the Bureau of Labor Statistics measures the average change in prices over time for a fixed market basket of goods and services for two population groups. The CPI for All Urban Consumer (CPI-U) represents the spending habits of about 80 percent of the population of the United States. The CPI for Urban Wage Earners and Clerical Workers (CPI-W) is a subset of the CPI-U and represents about 32 percent of the total U.S. population.

The 1987 amendments to the Older Americans Act of 1965 directed BLS to develop an experimental index for a third population of consumers: those 62 years of age and older. In its 1988 report to Congress, BLS observed that from December 1982 to December 1987, the experimental consumer price index for older Americans rose slightly faster than the CPI-U and CPI-W.¹ (See table 1.)

This article updates the analysis of the behavior of the experimental index for older Americans for the period from December 1987 through December 1993. Over this 6-year pe-

riod, the experimental price index rose 28.7 percent, slightly more than the increases of 26.3 percent for the CPI-U and 25.5 percent for the CPI-W.

METHODOLOGY, DATA, AND LIMITATIONS

Although the study discussed in this article indicates a higher overall inflation rate for older Americans compared with the rates for the official CPI population groups, any conclusions drawn should be used with caution because of the various limitations inherent in the methodology.

Expenditure weights. For each CPI population group, item strata are weighted according to their importance in the spending patterns of the population. The population of older Americans used for the experimental price index was defined to be all urban non-institutionalized consumer units that were either

1. unattached individuals who were at least 62 years of age; or
2. members of families whose reference person (as defined in the Consumer Expenditure Survey) or spouse was at least 62 years of age; or
3. members of groups of unrelated individuals living together who pool their resources to meet their living expenses and whose reference person was at least 62 years of age.

In the 1982-84 Consumer Expenditure Survey, which is used as the source of expenditure weights in the current CPI, 19 percent of the total sample of eligible urban consumer units (3,135 out of 16,500) met this definition. Because the number of consumer units used for determining weights in the experimental index was relatively small, expenditure weights used in the construction of the experimental price index have a higher sampling error than those used for the larger populations.

For each population group, the base expenditure weight of any component represents the actual expenditure on that component in the base period. The relative importance of any component is its expenditure weight (updated for changes in relative prices) and represents the proportion of that weight to total expenditures for the population. The relative importances of selected components for each of the three population groups are shown in table 2 for December 1987, the first month of the study.

Areas and outlets priced. The experimental consumer price index for older consumers is a weighted average of price changes for the same set of item strata collected from the same sample of urban areas as are used in calculating the CPI-U and CPI-W.

Retail outlets are selected for pricing in the CPI based on data reported in a separate survey representing all urban households. The experimental index also uses the same retail outlet sample. Thus, the outlets selected may not be representative of the places where older persons purchase their goods and services.²

Items priced. As with retail outlets, a major limitation of the experimental index is that the categories of items to be priced are selected using expenditure weights calculated from the expenditure surveys for the urban population. As a result, the specific item classes selected for each stratum may not be representative of those classes used by the older population.

Prices collected. A final source of uncertainty about the appropriateness of using the CPI-U prices for the index of the older population concerns the availability of discount prices for older Americans. For example, senior-citizen discount rates are used in the CPI-U in proportion to their use by the urban population as a whole. To the extent that senior-citizen discounts take the form of a percentage discount from the regular

¹Footnotes to appear at end of article.

price, this may not be a problem. If, however, the discount is not a fixed percentage of the price, the scarcity of senior-citizen discount prices in the current CPI could lead to error in the experimental index.

Because of the preceding limitations, any conclusions drawn from the analyses presented in this article should be treated as tentative.

RELATIVE BEHAVIOR OF PRICE INDEXES

Table 3 gives the annual price changes in the all-items CPI-U, CPI-W, and experimental price index during the period 1988–93. Table 4 shows the behavior of these three indexes at the major component levels during the same period.

Over the 6-year period from December 1987 through December 1993, the reweighted experimental price index for older Americans rose 28.7 percent. This compares with increases of 26.3 percent for the CPI-U and 25.5 percent for the CPI-W.

Examining the indexes in more detail, we see that medical care prices during the period rose slightly more than twice as fast as the average for all items in each population group. Because the elderly typically spend more on medical care than does the population as a whole (see table 2), the medical care component accounted for most of the difference between the experimental index and either of CPI-U and CPI-W. In the experimental index, this component increased 59.4 percent during the period 1988–93. By contrast, inflation for the medical care component of the CPI-U was 53.3 percent and that for the CPI-W was 53.3 percent.

The price change for each major expenditure component varied by population because the expenditure weights of the items that comprised the major components varied among the three population groups the indexes served. The expenditure weight that an item had in a particular population reflected the importance of that item as a proportion of the total expenditures of that population. For example, the relatively high expenditure weights of the medical care component of the experimental index may largely be attributed to the differences in the nature of the demand for medical care services by the elderly, compared with the demand for such services by all urban consumers or by urban wage earners and clerical workers. Within the medical care component, the elderly had larger out-of-pocket costs relative to both of the other groups chiefly because those groups had employer-provided health care benefits more readily available to them. An analysis of the relative importance of the various subcomponents making up the medical care component for the elderly and for all urban consumers indicates that older Americans devote a substantially larger share of their medical care budget to physicians' services, followed by hospital room stays and commercial health insurance coverage.

Of the seven major expenditure components, the apparel category registered the smallest price change for all three population groups over the 1988–93 period.

Within the transportation component, public transportation items such as airline fare, intercity bus fare, intercity train fare, and taxi fare had higher relative importance for the elderly than for all urban consumers. These items contributed to the observed overall higher inflation rates in the transportation component of the experimental index.

Like medical care, another expenditure component that rose significantly in all three indexes during the study period was the "other goods and services" category. However, unlike medical care, this component recorded the smallest increase in the

experimental price index (41.8 percent), compared with the CPI-U (47.0 percent) and the CPI-W (46.2 percent). The reason for the lesser rise could be found in differences in the composition of the three populations. For instance, the CPI-U and CPI-W, with their relatively larger concentration of younger people, had a significantly higher relative importance for college tuition, which increased faster than the average of all items in each year of the study. In addition, the populations of all urban consumers and urban wage earners and clerical workers spend proportionately more for tobacco and other smoking products, which have also typically increased faster in price than the "other goods and services" component, of which they are a subcomponent. These items have thus contributed to the faster rise in the "other goods and services" component of the CPI-U and CPI-W relative to the experimental price index for older Americans.

COST-OF-LIVING ADJUSTMENTS

Adjustments to Social Security Benefits are currently based on the percentage change in the CPI-W, measured from the average of the third quarter of one year to the third quarter of the succeeding year.

While the Senate Special Committee on Aging stipulated that the current study cover persons 62 years of age and older, this population is not likely to be the most appropriate one for defining and developing an index for use in indexing Social Security benefits.

The reason is two-fold. First, many Social Security Beneficiaries are younger than 62 years and receive benefits because they are surviving spouses or minor children of covered workers or because they are disabled. The spending patterns of this younger group are excluded in the weights for the experimental index for older Americans. Second, a substantial number of persons 62 years of age and older—especially those 62 to 64 years—do not receive Social Security benefits at all. Although these older consumers are included in the population covered by the reweighted experimental index, they presumably should be excluded from an index designed to reflect the experience of Social Security pensioners. In short, an index designed specifically to measure price changes for Social Security beneficiaries—that is, one that excludes older persons who do not receive benefits, but includes younger persons who receive survival and disability benefits—might well show price movements that differ significantly from those of the experimental index set out in this article.

TABLE 2.—COMPARATIVE ANALYSIS OF RELATIVE IMPORTANCES OF SELECTED COMPONENTS OF CONSUMER PRICE INDEXES, DECEMBER 1987

Component	CPI-U	CPI-W	Experimental index for older Americans
All items	100.00	100.00	100.00
Food and beverages	7.61	19.45	15.49
Food at home	9.86	11.14	9.79
Food away from home	6.19	6.65	4.57
Alcoholic beverages	1.55	1.66	1.13
Housing	42.48	39.95	48.30
Owners' equivalent rent	19.26	16.84	25.47
Apparel and upkeep	6.34	6.36	4.68
Medical care	5.98	4.95	9.47
Transportation	17.45	19.41	14.43
Motor fuels	3.29	4.03	2.67
Entertainment	4.37	4.04	3.34
Other goods and services	5.93	5.84	4.31
College tuition	1.13	.84	.46
Tobacco and other smoking products	1.29	1.70	1.02

TABLE 3.—PERCENT CHANGE IN ALTERNATIVE CONSUMER PRICE INDEXES, ALL ITEMS, 12 MONTHS ENDED DECEMBER, 1988–93

Year	CPI-U	CPI-W	Experimental index for older Americans
1988	4.4	4.4	4.5
1989	4.6	4.5	5.2
1990	6.1	6.1	6.6
1991	3.1	2.8	3.4
1992	2.9	2.9	3.0
1993	2.7	2.5	3.1
Cumulative change, December 1987–December 1993	26.3	25.5	28.7

TABLE 4.—PERCENT CHANGE IN ALTERNATIVE CONSUMER PRICE INDEXES, BY MAJOR COMPONENTS, DECEMBER 1987–93

Component	CPI-U	CPI-W	Experimental index for older Americans
All items	26.3	25.5	28.7
Food and beverages	24.8	24.8	25.0
Housing	23.1	22.4	25.1
Apparel and upkeep	17.7	16.6	16.6
Transportation	22.8	21.9	25.0
Medical care	54.2	53.3	59.4
Entertainment	25.9	25.0	28.2
Other goods and services	47.0	46.2	41.8

CONCLUSIONS

This article examined changes in three distinct Consumer Price Indexes—the Index for All Urban Consumers (CPI-U), Index for Urban Wage Earners and Clerical Workers (CPI-W), and experimental index for Americans 62 years of age and older—for the period December 1987 through December 1993. Analysis of the relative behavior of the three indexes at the all-items level reveals that the experimental index rose slightly faster than the two published indexes.

The experimental price index, reweighted to incorporate the spending patterns of older consumers, behaves more like the CPI-U than the CPI-W. This is to be expected, because the CPI-U comprises the expenditures of all urban consumers, including those 62 years of age and over. The CPI-W, on the other hand, is limited to the spending patterns of families of wage earners and of clerical workers and, therefore, specifically excludes the experience of families whose primary source of income is from retirement pensions.

As an estimate of the inflation rate experienced by older Americans, the experimental index has several limitations. One of these is that the samples from which expenditure weights for the index were calculated are substantially smaller than those used in either the CPI-U or the CPI-W. This means that the experimental price index is subject to larger sampling errors than either of the two official indexes.

To produce a more precise CPI for older Americans, sample sizes would need to be strengthened for the Consumer Expenditure Survey to reflect the spending habits of the elderly more accurately. In addition, the point-of-purchase survey and the pricing surveys would need to be improved to reflect which retail outlets and items should be sampled for older Americans. These improvements in the sample design could yield altogether different results from those obtained in the study described in this article. Finally, it should be noted that the medical care component of the CPI has a substantially larger relative weight in the experimental index than in the CPI-U or CPI-W. As a result, this component of the experimental index tends to have a larger impact on the elderly than it does on either all urban consumers or urban wage earners and clerical workers.

FOOTNOTES

¹Charles C. Mason, "An Analysis of the Rates of Inflation Affecting Older Americans Based on an Experimental Reweighted Consumer Price Index," report presented to Congress, June 1988. During the period from December 1982 through December 1987, the CPI-U rose 18.2 percent, the CPI-W increased 16.5 percent, and the experimental index for older Americans grew 19.5 percent. Over the 11-year period from December 1982 through December 1993, the CPI-U rose 49.4 percent, the CPI-W increased 46.2 percent, and the experimental CPI for older Americans grew 53.8 percent.

²The sample size of the current point-of-purchase survey is not adequate to determine whether older Americans typically shop in different types of outlets from those frequented by the general population.

Mr. HARKIN. So, while some say the CPI is overestimating inflation, we now know that for the elderly the CPI underestimates inflation. So if you are now going to arbitrarily cut back the CPI with this sort of technical correction, by 1 or 1.5 percent, without some further study and analysis and finely tuning it, not only will you have the increase in taxes that we talked about, you will have the Social Security cuts. It will hit the elderly the hardest, because they rely most heavily on Social Security for their basic needs. And on top of that their costs for prescription drugs and Medicare and their supplemental insurance and things like that continue to rise much faster than the basic rate of inflation.

I have not addressed myself directly to the issue that Senator DORGAN spoke about, but he is absolutely right. This idea of somehow threatening the Bureau of Labor Statistics to come up with the desired results within 30 days or their funding would be cut off was a threat made by the Speaker of the House. He was quoted widely in newspapers as saying he would cut off their funding if they did not come up with the results in 30 days.

I hope the Speaker will reflect upon his words and come up with a more moderate statement, because efforts to threaten professional staff with budget cuts if they do not come up with the results desired by elected officials I think is very dangerous. We need non-political, objective career professionals producing statistics that Government and the private sector use to develop their policies. I think we have that now. If each party that wins an election puts in people who only give the answers they want regarding economic statistics rather than the best professionally developed figures possible, then I think we are going to be in real big trouble. Fortunately, I hope we are going to back off this so-called dynamic scoring, the justifications that were used to quadruple the public debt in the 1980's. I think they are backing off of that. I am hopeful now my friends on the other side of the aisle will back off from any attempt to improperly pressure the Bureau of Labor Statistics.

Again, I congratulate Senator DORGAN for his amendment. I am proud to be a cosponsor. We must maintain the highest professional standards for statistical services in the Bureau of Labor Statistics, which produces the CPI and

other statistics on which the Federal Government and our entire economy depend. They must continue to operate without any political interference.

I urge all Senators to support the amendment of Senator DORGAN. Again, first, to send a clear signal we are not going to politically interfere; and, second, that we need to proceed very cautiously on this to get the best information possible for any future adjustments in the CPI; and, third, to state clearly that any adjustments in the CPI, of course, ought not to lead to arbitrary cuts in Social Security or taxes on the middle class.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, if I may, in the midst of this interesting debate, I would like to return the focus of the debate to S. 1 itself; to unfunded mandates, to the impact that those mandates have had on State and on local governments, and to the urgent necessity of seeing to it that this bill is passed and it becomes law.

I have gotten a great deal of correspondence from local governments and the State of Washington on the subject of unfunded mandates. But I would like to start with one the focus of which is a little bit different than many of the particular complaints about unfunded mandates.

The mayor of the city of Kennewick wrote to me and said:

Congress needs to understand the long range impacts of its actions when it passes amendments [to legislation].

I agree. But I am inclined to think that the mayor of Kennewick could have gone considerably further. And I also reflect on why it is that a mayor of a city some 2,500 miles from here should have to say this to us. Of course, the Congress of the United States should have to understand the long-range impacts of the laws that it passes. That is a responsibility we ought to take on ourselves, not one we should have to be reminded of by mayors or Governors or county commissioners. Yet it has been my experience that very frequently we attempt to avoid understanding long-range impacts in passing feel-good legislation, sometimes legislation for valid social purposes but social purposes which we are unwilling to fund.

In my case, I think I would make the statement somewhat stronger than the mayor of Kennewick does. I would revise it to say: "Congress needs to be responsible for the long-range impacts of legislation that it passes."

No group of individuals is likely to be responsible when they can do something that pleases other groups or other individuals without any consequences for the cost of pleasing those individuals or groups. When one separates the authority to make requirements, to pass mandates, to set policy, from the responsibility to pay for the consequences of those actions, one inevitably is led to irresponsibility. And

it is responsibility and accountability that this legislation is all about.

In dealing with this legislation I, in common with many of my colleagues, have asked my local governments to report to me the impact of mandates which we have already imposed on them without understanding the consequences and without taking responsibility for the consequences. I should like to share a few of them with my colleagues and with the record here this afternoon.

The mayor of Colfax, WA, wrote to me that the money spent to comply with Federal mandates—and I am now quoting him—

*** no matter how well intentioned, will inhibit the city's ability to provide a pump station to supply the community hospital, provide wellhead protection for our primary water source, and to repair a critical reservoir. These are only a few of the most important projects that may be delayed or not completed.

It does seem to me to be self-evident that the citizens of Colfax ought to be allowed to determine whether those are higher priorities than priorities imposed upon them by Members of Congress in a general fashion all across the country. And to a very significant degree that is what this debate is all about.

The board of county commissioners of San Juan County wrote to me to say:

The excessive testing and monitoring required by [environmental mandates] puts such a burden on the limited financial capabilities of small water systems that they don't have the money left to maintain their systems! The effect is greater and greater cost with no improvement in service or public safety.

This particular letter, of course, applies to the Safe Drinking Water Act, a subject on which this Senate debated in the last Congress and did, in fact, remove at least a number of unjustified, unfunded mandates.

Unfortunately, the Congress as a whole was not successful in passing amendments to the Safe Drinking Water Act, and those mandates remain to this day in full force and effect.

The mayor of Tenino says that the city has been:

forced to shift revenue desperately needed for social services and programs to pay for the costs associated with [mandates]. Although we have not raised taxes to pay for these services, this action will soon become our only recourse.

This is a small rural town, the jobs of many of whose citizens have been affected by grave restrictions on harvests in our national and in our private forests, where unemployment is high or where extra money is hard to come by.

In the city of Langley, the mayor says that compliance with the Safe Drinking Water Act alone will cost each water user an additional \$54.

The mayor of South Bend, a very poor community in monetary terms, at least, of less than 2,500 people, wrote in to say that:

Last year our water department was in compliance with every phase of its operation while serving approximately 900 customers. Today, we are considered out of compliance and the costs to bring us back in with the Clean Water Act by 1996 will cost us over a million dollars. How we are going to finance this, God only knows.

The clerk of the town of Fairfield wrote to say:

The effect [of mandates] is, in one word, Disaster! * * * These mandates will do the same thing to small communities as they'll do to small businesses—they will bankrupt them. There is just no way to come up with the dollars these mandates will require. Congress has to come to the realization that the taxpayer's purse is not a bottomless pit.

The chairman of the county commissioners of Asotin County described Federal mandates by saying:

Frustration is the real issue I guess. We do not know with any degree of certainty which way to go. A small county with a limited revenue base, a population of only 18,000 people and a per capita income of nearly \$17,000 has very few alternatives.

Finally, the mayor of a very small town, Washtucna, wrote in to say:

* * * any federal mandate legislation that requires a local government to comply with, but allows no funds to implement these mandates, places small communities in a financial crisis. In fact, many cases could be prohibitive to the point to force some small towns into bankruptcy and unincorporation. Many of the federally mandated regulations have little or no positive consequence to small rural farm communities and therefore are not beneficial to a community that can ill afford the added tax. If it were possible for our small community to afford an additional tax, we would prefer a new water supply tank, new water lines, sidewalks and street improvements.

I am absolutely certain that mayors of small towns and large towns, county commissioners and State governments, have written to each and every Member of this body with similar stories. They come down to one major point: We in our communities want to set our own priorities. We are not necessarily objecting to national priorities or national mandates. But if you Members of Congress and members of the executive wish to impose these mandates on us, please pay for them.

By an overwhelming majority, these men and women who constitute our State and local governments have written to us and called to us to ask us to pass this bill. My only fear with respect to this bill, with all of the admiration I have for the two Senators who are managing it, is that it is likely to be a disappointment to these local officials because, of course, it is not retroactive. We are having enough difficulty with the bill as it is. It would be impossible to pass it if it were retroactive. So it will not solve a single one of the specific problems created by mandates already in existence. Nor will this bill guarantee that there are no further unfunded mandates. It will still be possible, even if this bill becomes law, to impose an unfunded mandate of a considerable nature on our local communities if we simply waive the point of order which is appropriate to present

in the case of a bill carrying with an unfunded mandate, and we will be able to grant that waiver by a mere 51-vote majority here in the U.S. Senate, a simple majority here and in the House of Representatives.

Does this mean that the bill is of little or no meaning? No, Mr. President, I do not think that is the case. I think this is an important piece of legislation because at the very least, that waiver vote will mean that Members who vote for the waiver must be conscious of the fact that they are imposing an unfunded mandate. In most cases, they will have a fiscal note attached to it that will indicate just how much that unfunded mandate is likely to cost. And they therefore will be accountable to the people of our States, our counties, and our local communities for having imposed that unfunded mandate. They will lack the excuse that they did not know what they did. Those mandates will be imposed consciously and deliberately.

As a consequence, Mr. President, I think while unfunded mandates will not end in the Congress, people being what they are, they will probably be somewhat less frequent in the future. If this Congress succeeds in passing some of the priorities which led to this Congress having such a different face as its predecessors and removing at least some of the present unfunded mandate burdens, we will have more of our States and communities able to set their own priorities in the way which has been so important in the development of the United States of America throughout its entire history.

So I know that the sponsors would like an even stronger bill. I believe that they are to be congratulated on doing as much as they have done in connection with this bill. While I find the other debates which are going on in connection with this bill, those on consumer price indexes, on the metric system, and on the Federal Reserve Board to be most interesting, it seems to me at least in the third week of debate upon this bill, on this charter of independence, on this liberation for our States and local governments, that the time is nigh on us that we should deal squarely and directly with the subject matter of this bill, that we should pass it and settle any possible minor differences with the House of Representatives, send it to the President, and liberate our States and local governments from the immense burden of unfunded mandates, at least as far as the future is concerned.

Mr. REID. Mr. President, I ask unanimous consent that we turn to amendment No. 190, the amendment that is in the form of a sense-of-the-Senate resolution, offered by Senator HARKIN, at this time and lay the amendment now pending aside.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. REID. Mr. President, I will speak briefly on the sense-of-the-Senate reso-

lution offered to this body. I do it because last year I offered an amendment to the balanced budget amendment that would have exempted Social Security. I did not prevail at that time.

There has been, since that time, a significant amount of debate on the balanced budget amendment. And without exception, everyone who has been asked what should happen to Social Security in relation to the balanced budget amendment has said "leave it alone"—Democrats and Republicans, the Democratic leaders, Republican leaders, and even those new leaders, like Speaker GINGRICH, have stated Social Security should not be part of the balanced budget amendment.

I felt it was appropriate that I speak on this legislation offered by the Senator from Iowa, because I have held a press conference earlier on saying that I am a supporter of the balanced budget amendment. But I am going to have everyone stick to what they have said: The balanced budget amendment should exempt Social Security. Why? We have gone to a lot of trouble to make Social Security an independent agency.

They are in the process of now appointing the board of directors, in effect, of that agency, this new Social Security agency. Its funds will no longer be part of the general funds of this country. The program should stand or fall on its own merits. This year, there will be about a \$70 billion surplus in the Social Security fund. By the year 2002, the surplus will reach about \$800 billion.

I had the pleasure of serving with Senators Danforth and KERRY on the entitlement commission. I know—we all know—that Social Security is something we must watch very closely to make sure it is actuarially correct and sound. I repeat that Social Security should rise and fall on its own merits. If we had to pick a contract with America, the original, the most important contract with America, has been the Social Security system.

Mr. President, I will speak more at length about this when the amendment comes up. But as a young boy, one of the first things I remember about Government is that my grandmother could not walk from here to that wall, as she was always infirm, but her only independence was she got what she referred to as her old age pension check. I was a little boy and did not realize that Social Security was a new program at that time. It gave my grandmother, who was born in England, independence and some security.

I want to make sure that my children and my children's children have the ability to enjoy the benefits of Social Security. I do not know whether this sense-of-the-Senate resolution will pass or not. We all know that sense-of-the-Senate resolutions, in the overall scheme of legislative activities, are not the most important things. But they do send a message. I think we should send a message to the American people

that we are going to try to save Social Security, and this is a prelude to the amendment that will be offered by this Senator, Senators CONRAD, DORGAN, HARKIN, and FEINSTEIN, at the time the balanced budget amendment is brought up.

The Social Security program we have in America is a simple, binding contract. Individuals collect Social Security payments after paying into a trust fund with their employer over a period of years. I want to make sure, Mr. President, that the Social Security trust fund is a trust fund and not a slush fund. We should not be able to use the moneys out of Social Security to pay for highways in New Hampshire or highways in Nevada. We should not be able to use the Social Security trust fund to pay for subsidies for farmers in Iowa or in Missouri. Those moneys that we collect into this trust fund should be used only for Social Security recipients, and that is all.

When I practiced law, I had a trust fund that I set up. I had to do that; we were required by the rules of the bar association. If I had a check that came for settling a case, as an example, the money went into the trust fund and I had to be very careful what I did with those moneys. It was different than moneys that were in my general account that I could use to pay rent and salaries of my employees. I could not use that trust fund money to pay anything other than what was allowed by law. If I did anything else, I violated that trust that was established, and then I could be disbarred or even criminally prosecuted. So the Social Security trust fund, I believe, Mr. President, should be treated the same way.

Congress has an obligation to uphold its end of the contract. So this unique, binding contract upon which millions depend should be protected, and it should not be a giveaway or an entitlement, even though it is not and even though people lump it into the entitlement category.

I congratulate my friend, the junior Senator from Iowa, for offering this sense-of-the-Senate resolution. I hope that all Senators will give this very serious consideration, as I know they will. We understand that this is a prelude to the real debate that will take place, which will be substantive law, and that is to exempt Social Security from the balanced budget amendment.

Mr. SPECTER. Mr. President, I ask unanimous consent that I may speak for 5 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT OF A NEW CIA DIRECTOR

Mr. SPECTER. Mr. President, I have sought recognition this afternoon to speak briefly about the pending appointment of a new Director of the Central Intelligence Agency and how we ought to structure a new term to really strengthen that position and, in

effect, professionalize the position of Director of Central Intelligence.

I have talked to a number of my colleagues about the idea of legislation which would create a 10-year term for the Director of Central Intelligence, just as the Director of the FBI has a 10-year term. That legislation for the FBI was enacted relatively recently to strengthen the hand of the Director and to give independence and strength to that position.

It is my view, based on the experience that I have had on the Intelligence Committee—and I now serve as chairman of the Senate Intelligence Committee—that there is a real need for additional strength in the position of the Director, as we have seen what has happened to the CIA with the Aldrich Ames case, and as we take a look at the role of the Central Intelligence Agency and the national security interests of the United States into the foreseeable future.

The Director of the Central Intelligence Agency, I believe, has to come to that position in the Central Intelligence Agency, in that unique culture there, and say to the establishment: Look, I am going to be here longer than anybody else who was here, and it is my responsibility to do what is necessary to correct the problems of the agency and to do what is necessary to reorder the priorities and set the agency on a course which will protect the security interests of the United States.

We had the threat assessment hearings the week before last where the Director, James Woolsey, testified about the threats to the United States and responded, to some extent, about the Aldrich Ames case. There is no doubt that the unique culture of the CIA—I prefer to call it their “unique culture,” rather than the slang expression the “old boy’s network”—was at work in allowing Aldrich Ames to stay in a position where he could abuse the trust of the CIA and really do great damage to the United States’ national security interest, even though there were many signs which should have led to his ouster. He failed a lie detector test, he was living beyond his means, he was drunk on duty, he had classified documents, he visited foreign agencies and foreign embassies without any justifiable reason. Many of the CIA contacts were killed as a result of what he had done. Many were placed in jeopardy. And that should have been corrected long before it finally came to light.

I believe that if we had a Director who had tenure, 10 years, in effect, being able to say, “I am going to be here longer than the people I am confronting with,” that kind of strength would do a great deal to enhance our national security.

We are facing some very perilous times. People ask, is there a real role for the Central Intelligence Agency? Based on the experience I have had on the Intelligence Oversight Committee, and now as chairman of that committee, I say, absolutely “yes.”

We are looking at some very critical intelligence operations in assessing, for example, what is happening with North Korea with their development of nuclear weapons. I, frankly, have grave reservations about the agreement which exempts the North Koreans from inspection on the fuel rods for some 5 years, which is the best way to tell what they are doing with nuclear weapons. And as the hearing the week before last with Director Woolsey showed, the North Koreans now have the capacity to hit Alaska. The North Koreans are working with Iran on ballistic missile tests. When asked what is the potential for reaching the continental United States, nobody could give assurances that that is not an imminent problem.

When you take a look at the dismantling of nuclear weapons in the old Soviet Union, there are real problems to see to it that organized crime in Russia does not take over and place those weapons at the disposal of rogue nations. When you take a look at the role of CIA in terrorism or drugs or economy issue, where many intelligence agencies of government help the trade deficit, there is a vital role in the intelligence agency.

There has to be reform, first, of not having a repeat of the Aldrich Ames case and doing the job of the future.

I intended to introduce this legislation and to comment on it this afternoon and not to unduly interrupt the flow of this legislation.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator’s time has expired.

UNFUNDED MANDATE REFORM ACT

The Senate continued with the consideration of the bill.

AMENDMENT NO. 195

(Purpose: To propose a substitute amendment)

Mr. GLENN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending being amendments will be set aside.

The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio [Mr. GLENN] proposes an amendment numbered 195.

Mr. GLENN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered.

(The text of the amendment is printed in today’s RECORD under “Amendments Submitted.”)

(Mr. INHOFE assumed the chair.)

Mr. GLENN. Mr. President, this amendment—and I do not want to scare anybody who may be watching and listening to this and I will give my reasons for submitting this amendment—this amendment is the old S. 993 that we brought out last year. I wanted